

Message Text

CONFIDENTIAL

PAGE 01 BELGRA 01406 211959Z
ACTION EUR-08

INFO OCT-01 SS-14 ISO-00 SSO-00 XMB-01 SP-02 EB-04
L-01 INR-05 CIAE-00 INRE-00 TRSE-00 NSAE-00
NSCE-00 /036 W
-----109571 212004Z /41

O 211842Z FEB 78
FM AMEMBASSY BELGRADE
TO SECSTATE WASHDC IMMEDIATE 5320

C O N F I D E N T I A L BELGRADE 1406

LIMDIS

FROM THE AMBASSADOR

DEPARTMENT PASS EXIM FOR CHARIMAN MOORE AND ALBRIGHT

E.O. 11652: GDS
TAGS: EFIN, YO
SUBJECT: EXIMBANK'S OPERATING PROCEDURES

REF: BELGRADE 1368

1. IMMEDIATELY PRECEDING CABLE REPORTS "PRELIMINARY" GOY REACTION TO EXIM PROPOSED MEMORANDUM OF UNDERSTANDING. THE RESPONSE IS WHOLLY INTRANSIGENT AND SHOULD BE WHOLLY UNACCEPTABLE TO THE USG. IT DEMONSTRATES NO DESIRE TO SEEK A COMPROMISE AND CLEARLY ATTEMPTS TO KEEP USG IN POSITION OF DEMANDEUR. IN ADDITION, I SUSPECT THAT THE YUGOSLAVS PROBABLY HOPE THAT, WITH THE TITO VISIT IMMEDIATELY FORTHCOMING, THE USG AND EXIM WILL PANIC AND COME FORWARD WITH AN EVEN MORE GENEROUS PROPOSAL.

2. IT WOULD BE A MISTAKE FOR US TO ATTEMPT NOW TO RESOLVE THIS ISSUE BEFORE THE TITO VISIT; EQUALLY WE SHOULD AVOID BEING MORE FORTHCOMING DURING THE VISIT ITSELF, UNLESS THE YUGOSLAVS
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 BELGRA 01406 211959Z

COME IN WITH A PROPOSAL OF THEIR OWN THAT MOVES THEM AT LEAST A MODEST STEP IN OUR DIRECTION.

3. IN SHORT, I BELIEVE WE SHOULD LET THE YUGOSLAVS STEW IN THEIR OWN JUICE FOR A WHILE; THEY HAVE AT LEAST AS MUCH TO LOSE AS WE. CONSEQUENTLY I REQUEST AUTHORIZATION TO INFORM THE GOY PRIOR TO MY DEPARTURE FOR WASHINGTON (NOW SCHEDULED FOR

FEBRUARY 27) FOR THE TITO VISIT OF THE FOLLOWING:

- A) THE USG AND EXPORT IMPORT BANK HAVE LEARNED WITH DEEP REGRET OF THE "PRELIMINARY" GOY RESPONSE TO EXIM'S PROPOSED MEMORANDUM OF UNDERSTANDING. THAT MEMORANDUM REPRESENTED A MAJOR EFFORT ON THE PART OF BOTH INSTITUTIONS TO PROVIDE A COMPROMISE SOLUTION TO AN ISSUE WHICH, IF PERMITTED TO REMAIN UNRESOLVED, CAN ONLY HAVE AN ADVERSE IMPACT ON COMMON EFFORTS OF THE USG AND THE GOY SUBSTANTIALLY TO IMPROVE OUR BILATERAL ECONOMIC RELATIONSHIP.
- B) THE USG AND EXIM HAVE NO FURTHER PROPOSALS TO MAKE.

4. I WOULD THEN ADD AS A PERSONAL NOTE THAT I FIND THIS RESPONSE PARTICULARLY UPSETTING, GIVEN EVERYTHING I HAVE BEEN TRYING TO DO OVER THE COURSE OF THE LAST EIGHT MONTHS TO IMPROVE BILATERAL TRADE AND INVESTMENT. EMBASSY BELGRADE AND I PERSONALLY WILL CONTINUE TO DO ALL WE CAN TO FURTHER OUR MUTUAL COOPERATION, BUT THE IMPASSE THAT HAS DEVELOPED BETWEEN OUR TWO GOVERNMENTS MUST INEVITABLY IMPACT ADVERSELY ON OUR EFFORTS.

5. WHILE I VERY MUCH REGRET THE STAND-OFF THAT HAS DEVELOPED BETWEEN EXIM AND THE GOY, AND WHILE I WISH IT COULD HAVE BEEN AVOIDED, I CANNOT EMPHASIZE ENOUGH MY STRONG PERSONAL FEELING THAT IT WOULD BE EXTREMELY UNWISE FOR US TO COLLAPSE NOW, OR DURING THE TITO VISIT, IN THE FACE OF A HARDNOSED ALBEIT "PRINCIPLED" YUGOSLAV

CONFIDENTIAL

CONFIDENTIAL

PAGE 03 BELGRA 01406 211959Z

POSITION.

6. WHILE I BELIEVE THERE IS VIRTUALLY NO POSSIBILITY THAT THIS "PRELIMINARY" POSITION WILL BE CHANGED, IT IS IMPORTANT THAT I BE AUTHORIZED TO MAKE THE POINTS DESCRIBED IN PARAGRAPH THREE ABOVE WITHIN THE NEXT FORTY -EIGHT HOURS, AT THE LATEST, SINCE I VIEW IT AS THE ONLY HOPE WE HAVE OF OBTAINING

A MORE MODERATE "FINAL" POSITION.

EAGLEBURGER

CONFIDENTIAL

NNN

Message Attributes

Automatic Decaptioning: Z
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: POLICIES, DEVELOPMENT BANKS, PROGRAMS (PROJECTS), GOVERNMENT REACTIONS
Control Number: n/a
Copy: SINGLE
Draft Date: 21 feb 1978
Decaption Date: 20 Mar 2014
Decaption Note: 25 YEAR REVIEW
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978BELGRA01406
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Expiration:
Film Number: D780078-0698
Format: TEL
From: BELGRADE
Handling Restrictions:
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t19780234/aaaabcsz.tel
Line Count: 105
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 580d61d3-c288-dd11-92da-001cc4696bcc
Office: ACTION EUR
Original Classification: CONFIDENTIAL
Original Handling Restrictions: LIMDIS
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: LIMDIS
Reference: 78 BELGRADE 1368
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 09 jun 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 3540965
Secure: OPEN
Status: NATIVE
Subject: EXIMBANK'S OPERATING PROCEDURES
TAGS: EFIN, YO, XMB
To: STATE
Type: TE
vdkgvwkey: odbc://SAS/SAS.dbo.SAS_Docs/580d61d3-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014